Nash's Record

Had No Losses Prior To 1933; Profit Ratio Was Among Largest

Put other copy under

Turned 14.2% of Sales Into Earnings From 1916 to 1937 —Parts Large Factor

Had Deficits in 1933-34-35

8-28-39

Following is the tenth of a series of articles based on the Federal Trade Commission's study of the automobile industry.

By Gaston E. Marque
Staff Correspondent of The Wall Street Journal

CHICAGO — From 1917 to 1931 inclusive, the first 15 years of its corporate existence, the Nash Motors Co. probably carried through to net profit a larger share of its sales dollar than any other automobile manufacturer, figures in the Federal Trade Commission's report on its study of the automobile industry indicate.

Since 1931, however, with its profit margins cut by the combination of a steady lowering of its selling price level and a drastic decline in its sales volume during the depression years, Nash has operated unprofitably in three years and for the six-year period ended with 1937 suffered an aggregate net loss of almost $400,000 on sales of approximately $147,000,000. Despite this poor showing in recent years, over its lifetime the company's ratio of net profit to sales has been almost exactly the same as that of General Motors Corp. over the 28 years of its corporate existence and unequaled by any other automobile maker.

Figures in the commission's report show that from August 16, 1916, when it was organized, to the end of September, 1937, Nash Motors earned in excess of $161,000,000 or 14.23% on sales of roundly $1,135,000,000. Out of these earnings company paid dividends totaling more than $112,000,000 of which some $5,500,000 went to preferred stockholders in the years prior to 1927 and the balance to common shareholders.

Paid Dividends in Two Years

Nash inaugurated common dividends in 1918, within two years after it was organized, and continued payments uninterruptedly until it was merged with Kelvinator Corp. in January, 1937. From that date the new company, Nash-Kelvinator Corp., continued to pay common dividends until early in 1938. In its earlier and more prosperous years, the company followed an ultra-conservative dividend policy, paying out from 1917 to 1929 inclusive less than half of the earnings available for the common stock. This conservatism enabled Nash to maintain payments during the depression when it was losing money, its disbursements from 1930 to 1937, inclusive, totaling more than $36,000,000 or better than three times its aggregate earnings for the eight-year period.

Nash began making money the year it started operations and continued in the black every year until 1933 as shown by figures in the accompaning two compilations which give a complete record of companys' sales, earnings and dividend payments over its lifetime. (Figures in Compilation B are after extensive revisions by the FTC as explained in the first article of this series.)

The commission's report indicates that Nash actually lost money on the manufacture and

Please turn to page 2, column 1

CLEVELAND PUBLIC LIBRARY
BUSINESS INFORMATION BUREAU
CORPORATION FILE

102

Nash Regains Ground Since Low 1933-35 Earnings Point

— Continued from First Page —

sale of motor vehicles every year from 1932 to 1937 inclusive. In 1936 and 1937, however, these losses were more than offset by profits on the sale of parts and accessories and in 1932, when losses on motor vehicles were in excess of profits on parts and accessories, income from outside investments wa sufficient to place the company in the black.

1927 Most Profitable Year

Company's dollar sales were at their peak in 1926 but its most profitable year was 1927 when it earned approximately $24,000,000 or better than 21% on sales of about $113,400,000. In the years from 1917 to 1926, inclusive, Nash earned $85,200,000 or better than 15% on sales of roundly $562,000,000 while in the 11 years which followed company had an aggregate net profit in excess of $76,000,000 or slightly more than 13% on sales of about $572,000,000.

In its report the FTC mentions that from the date of its organization to the close of 1938 Nash Motors manufactured nearly 1,200,000 motor vehicles or approximately 1.7% of the industry's total production in the period. In its best years, during the late '20s, Nash accounted for around 4% of the industry's output but during the depression its share of the total business declined sharply. In 1933 company's production represented only slightly more than 0.5% of the total output, its sales dropping to only about 11,000 units in that year, a decline of almost 90% from 1929. Since 1933, however, Nash has regained much of the ground lost competitively during the depression years and, as mentioned in a previous article, accounted for more than 2% of total passenger car registrations in the first half of 1939.

Parts and Accessories Sales Profitable

It is apparent from the following compilation that company has extracted a considerably greater profit margin from parts and accessories than from motor vehicles.

	Net profit on sales			
	Motor vehicles		Parts and accessories	
	U. S. and Canada	Export	U. S. and Canaca	Export
1937	*1.4%	4.5%	30.1%	44.0%
1936	*1.5%	4.2%	27.4%	42.5%
1935	*6.8%	*1.2%	18.7%	43.6%
1934	*16.3%	*6.0%	11.4%	41.1%
1933	*17.2%	*9.4%	*80.7%	3.5%
1932	*3.8%	*3.9%	32.1%	39.8%
1931	11.4%	10.7%	20.1%	30.7%
1930	12.8%	14.3%	22.2%	33.2%
1929	18.9%	16.5%	24.3%	30.1%
Average	6.6%	8.5%	18.3%	34.3%

*Loss.

Advertising has been the largest single item in company's distribution expense, the FTC report shows. From 1927 to 1937 inclusive 65.68% of the total cost of distribution was accounted for by advertising expense, 30.66% by selling expense and 3.66% by administrative expense. Of the total spent for advertising in the 11-year period 60.73% or an average of $1,100,000 a year went to newspapers, 16.37% to magazines and 2.41% to radio. The report shows also that from 1929 to 1937 inclusive Nash spent for advertising roughly $18,250,000, or an average of $41.86 per car sold, and that distributors contributed about $6,090,000 of the total spent by the company in that period.

Tracing the company's history the FTC mentions that Nash Motors was organized in 1916 by Charles W. Nash and his financial backers, Lee Higgenson & Co., to acquire the assets and business of the Thomas B. Jeffery Co. of Kenasha, Wisc. established in 1901 to manufacture and sell "Rambler" automobiles. Thomas B. Jefferry, the organizer, died in 1910 but the business had been continued by his wife and sons until its sale to Nash.

Built Trucks for Army

At the time of its acquisition by Nash, Jeffery manufactured passenger cars and trucks. Immediately after it was organized Nash Motors began an active program of expansion but was forced to delay development of its passenger car business because most of its manufacturing facilities were devoted to the production of trucks during the World War period. In 1919, however, company resumed full production of passenger cars.

Although the property acquired from Jeffery included a body plant, this unit was not equipped to supply the increasing demand for closed automobile bodies which developed rapidly after 1919. Consequently, in order to obtain an established and adequate source of supply for bodies, Nash purchased in October, 1919, a half interest in the Seaman Body Corp. for $255,031 cash. The commission's report shows that from 1927 to 1935 inclusive Nash received dividends averaging almost $350,000 annually from its holdings of Seaman common and preferred stock. In 1936 Nash acquired the remaining 50% interest in Seaman for $1,950,833 cash.

Failure of Lafayette Costly

In its report the FTC mentions also that Nash lost more than $2,000,000 in 1924 as a result of the failure of Lafayette Motors Corp. The latter was organized in 1919 to manufacture and sell a high-priced V-8 motor car. Sale of the capital stock in Lafayette was underwritten by Lee Higginson who insisted Mr. Nash be made president of the company. Soon after it began production Lafayette encountered financial difficulties, the commission evplains, and obtained large loans from Nash Motors. In 1922 Lafayette was reorganized and Nash underwrote the issue of new stock to the extent of $2,020,000, all of which it was required to take thereby giving it control of the company. In the meantime Lafayette operations were moved from its plant in Indianapolis to a plant Nash had built in Milwaukee in 1919 for the production of a line of four-cylinder automobiles. Lafayette continued to lose heavily and finally went into receivership. Nash, a a result, lost its entire investment in the company, salvaging only the copyrighted name "Lafayette" which it began to use several years later as the name of a new low-priced six-cylinder car.

The commission also brings out in its report the fact that in 1924 Nash caused to be organized the Ajax Motors Co. to manufacture a newly designed light six-cylinder automobile. The plant of the former Mitchell Motors Co. at Racine, Wisc., was purchased at a receiver's sale and equipped for manufacture of this new car. Ajax began production in 1925 and continued as a separate corporation, although it was wholly-owned by Nash, until December 1, 1926, when it was merged with the parent company. Production of automobiles was continued at the Racine plant until August 1938 when it was closed because of labor difficulties.

Compilation A

Year Ended November 30	Net sales	Net Profit After federal taxes	Cash Divs. pfd. stock	Cash Divs. common stock	Stock Divs. on common	Other Deductions from surplus-net	Surplus balance
1926	$131,174,855	$18,551,324	$140,908	$10,920,000	$12,285,000	‡$4,995,438	$23,836,441
1925	97,821,157	15,653,840	1,051,309	4,368,000	.....	.....	23,635,587
1924	57,283,891	9,280,541	1,103,263	2,730,000	.....	.....	13,401,056
1923	58,590,252	9,280,032	1,207,850	1,638,000	17,472,000	295,667	7,953,778
1922	40,237,765	7,613,246	262,500	873,000	.....	‡231,932	19,287,263
1921	20,080,999	2,226,078	288,750	873,600	.....	2,085,967	12,578,185
1920	57,185,767	7,007,471	315,000	872,000	.....	.....	13,600,424
1919	41,754,094	5,089,036	336,000	832,000	.....	4,262,753	7,779,953
1918	41,072,304	7,931,386	350,000	1,050,000	.....	.....	8,121,670
1917*	16,761,795	2,577,784	437,500	.....	.....	550,000	1,590,284
Total	$561,962,879	$85,210,738	$5,493,080	$24,157,200	$29,757,000	$1,967,017	.....
Total 1927-1937 incl.	$572,215,027	$76,163,733	.....	$82,635,824	.....	$16,142,295	.....
Grand total	$1,134,177,906	$161,374,471	$5,493,080	$106,793,024	$29,757,000	$18,109,312	.....

*Period from August 16, 1916 to November 30, 1917. ‡Credit.

COMPILATION B

Year ended November 30	†1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927
Net Sales											
Motor vehicles U. S. and Canada	$39,735,551	$26,988,703	$23,897,575	$15,777,791	$7,472,963	$13,322,992	$29,858,861	$43,092,810	$91,526,838	.....	.....
Motor vehicles export	2,770,788	2,353,908	2,661,802	2,766,033	592,444	799,596	3,647,456	6,000,820	8,163,556	.....	.....
Parts and accessories U. S. and Canada	1,790,369	1,315,047	983,434	888,150	752,684	1,050,139	1,917,887	2,447,816	3,340,358	.....	.....
Parts and accessories export	146,671	151,246	147,865	131,695	80,857	88,534	216,719	268,055	433,983	.....	.....
Other products	47,650	43,057	38,174	32,506	30,591	38,886	47,381	55,114	112,163	.....	.....
Total net sales	$44,491,029	$30,851,961	$27,728,850	$19,596,175	$8,929,539	$15,300,147	$35,688,304	$51,864,615	$103,576,898	$120,745,705	$113,441,804
Factory cost of goods sold	42,711,435	28,891,571	26,941,647	20,285,929	9,565,535	14,142,833	29,242,291	41,851,743	79,913,809	93,570,407	83,293,468
Gross profit on sales	$1,779,594	$1,960,390	$787,203	*$689,754	*$635,996	$1,157,314	$6,446,013	$10,012,872	$23,663,089	$27,175,298	$30,148,336
Selling expense	669,950	616,178	654,661	641,778	528,588	558,765	907,925	986,507	939,690	901,974	835,045
Advertising expense	759,886	1,157,540	1,478,591	1,207,652	719,382	670,832	1,223,998	1,919,190	3,020,886	2,784,367	2,709,367
Administrative expense	197,051	59,460	52,635	67,573	68,655	78,034	70,599	77,831	84,291	83,581	143,496
Total distribution expense	$1,626.887	$1,833,178	$2,185,887	$1,917,003	$1,316,625	$1,307,631	$2,202,522	$2,983,528	$4,044,867	$3,769,922	$3,687,908
Net Profit on Sales											
Motor vehicles U. S. and Canada	*$571.977	*$385,554	*$1,609,837	*2,568,696	*1,282,758	*506,181	3,392,696	5,531,000	17,309,368	.....	.....
Motor vehicles export	125,865	99,441	*31,268	*168,660	*56,105	*31,420	392,545	858,243	1,345,830	.....	.....
Parts and accessories U. S. and Canada	537,666	360,624	184,559	100,798	*606,794	336,866	383,985	544,068	811,914	.....	.....
Parts and accessories export	64,571	64,324	64,451	54,055	2,829	35,238	66,505	89,116	130,744	.....	.....
Other products	*3,418	*11,623	*6,589	*24,254	*9,793	15,180	7,760	6,917	20,366	.....	.....
Total net profit on sales	$152,707	$127,212	*$1,398,684	*$2,606,757	*$1,952,621	*$150,317	$4,243,491	$7,029,344	$19,618,222	$23,405,376	$26,460,428
Other income	182,076	165,730	207,613	191,538	214,800	338,763	748,466	1,171,050	1,601,101	1,523,440	1,512,548
Net profit from motor vehicle business	$334,783	$292,942	*$1,191,071	*$2,415,219	*$1,737,821	$188,446	$4,991,957	$8,200,394	$21,219,323	$24,928,816	$27,972,976
Net income from outside investments	320,625	615,168	731,503	897,072	921,498	834,039	849,233	967,323	1,047,887	811,866	705,693
Net profit before federal income taxes	$655,408	$908,110	*$459,568	*$1,518,147	*$816,323	$1,022,485	$5,841,190	$9,167,717	$22,267,210	$25,740,682	$28,678,669
Federal and state income taxes	123,000	40,000	.....	.....	.....	.....	990,211	1,549,472	3,632,908	4,398,140	4,589,976
Total net profit (FTC figures)	$532.408	$868,110	*$459,568	*$1,518,147	*$816,323	$1,022,485	$4,850,979	$7,618,245	$18,634,302	$21,342,542	$24,088,693
Total net profit (company figures)	.....	1,020,707	*610,227	*1,625,078	*1,188,863	1,029,552	4,807,681	7,601,164	18,013,781	20,820,085	22,670,744
Cash dividends on common stock	.....	2,646,724	2,646,200	1,984,650	3,990,200	9,453,500	13,606,900	16,356,000	16,356,000	16,356,000	13,611,000
Other deductions from surplus—net	14,818,141	‡431,321	‡334,658	‡175,417	‡293,130	‡146,123	‡3,303	60,181	644,520	546,457	1,456,948
Surplus balance	$1,222,049	$15,507,782	$16,855,074	$19,626,184	$22,953,564	$25,461,407	$28,282,999	$32,882,217	$38,931,053	$37,297,271	$32,857,188

*Deficit. †10 months ended September 30. ‡Credit.

CLEVELAND PUBLIC LIBRARY
BUSINESS INF. BUR.
CORPORATION FILE

NASH "CRUISING GEAR"

7-11-35

From THE WALL STREET JOURNAL *Chicago Bureau*

CHICAGO—Nash Motors Co. is now in a position to offer its "cruising gear" or overdrive on all models in its 400 series as optional equipment at $50 list. The "cruising gear" has been standard equipment on the highest-priced Nash for some time and has also been offered as optional equipment on other Nash models. The Nash 400, starting at $675 f. o. b. factory, is the lowest-priced car on which an overdrive is now available. The company estimates that saving on gasoline consumption alone pays for this equipment in about a year.

CLEVELAND PUBLIC LIBRARY
BUSINESS INF. BUR.
CORPORATION FILE

Nash Motors Rounding Out Twenty Years of Operation

7-20-36

Special to THE WALL STREET JOURNAL

KENOSHA—The Nash Motors Co., will be twenty years old on July 29, the company having been incorporated on that date in 1916.

Since beginning operations the Nash company has built and sold over 1,100,000 automobiles and its aggregate sales have amounted to more than $1,067,000,000.

The company has paid $110,0185,280 in dividends to its stockholders and $53,943,544 in taxes to various assessing bodies. Despite the five years of business depression since 1930, the company entered 1936 with cash and government securities amounting to $24,674,562. It has no funded indebtedness.

NASH MOTORS IN POSITION TO FACE TEST PERIOD WITH CONFIDENCE

NY Evg Post 12-14-29

Large Holdings in Cash Notable Feature of Company's Current Assets—Represent 80% of Total

BIG SURPLUS AND WORKING CAPITAL

By ROBERT DENVER

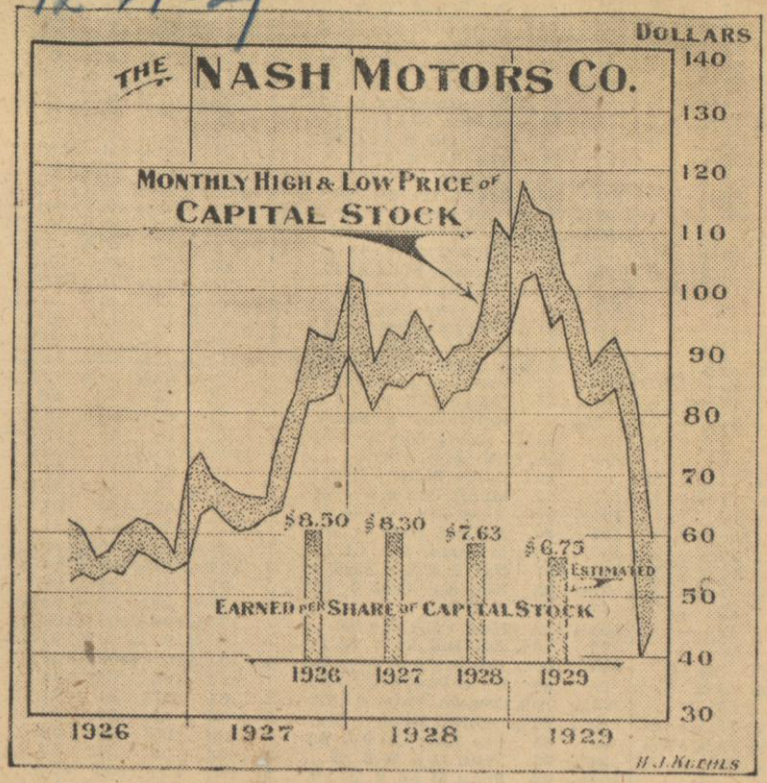
Whatever the situation which confronts the motor car industry with the approach of the new year, it would appear that the stocks of most of the leading manufacturers have discounted a good deal around current price levels. It would be foolhardy to suggest that the motor makers will not feel something in the way of a backlash from the turn of events marketwise over the last few months. The first quarter of 1930 will perhaps prove more or less disappointing by comparison with the past few years, but certainly the outstanding producers in an industry which has grown so enormously during the past decade can withstand the prospective lull without sustaining any severely disturbing consequences.

The Nash Motor Company, for example, ranking well up among the producers of low and moderate priced vehicles, is in strong financial position, and, moveover, has already made such changes as are contemplated in the way of new models for the ensuing year. Incidentally, a good part of the cost of completing these changes was provided for out of earnings for the third quarter. Such adjustments as remained to be made in that connection were unquestionably taken care of out of earnings for the final quarter of the company's fiscal year ended with November 30. Thus, Nash, during the early part of its new fiscal year, should reflect fully the results obtained from its operations without the necessity of providing against change over costs.

Estimated 1930 Production

The twelve months now drawing rapidly to a close will set a record for automobile output by the industry, with the final figure probably running close to 5,600,000 units. Early in the year estimates had set the probable total much higher, or approximately at 6,000,000 cars, but naturally the slowing down which overtook the industry from the middle of the third quarter has brought a revision of such calculations to the lower figure. Based on reports now beginning to make their appearance, the motor industry is much less sanguine in its views on the outlook for the new year.

True, all leading manufacturers are confident of their ability to expand businesses in the period possible



as of the end of May this year by about $2,000,000, reflecting a substantial gain in the total of cash and Government security holdings.

It is equally interesting to note that the company's inventories have been kept conservatively low. The peak in that respect was reached at the end of 1925 at $7,567,598, while at the end of 1928 such stocks were carried at $5,809,040. Properties, plants, machinery, etc., or working assets were carried at $8,216,058 at the end of November, 1928, after reserves totaling $6,804,033 to cover depreciation had been set aside. Inasmuch as these plants, and other properties are kept in a high state of efficiency, the value placed upon them for book purposes may be regarded as most conservative.

Against this the 2,730,000 shares of capital stock outstanding represent the only security of the company in the hands of the public. There is no funded indebtedness, and the $15,050,000 preferred stock outstanding at the close of 1924, which had been cut almost in half as of the close of the following year, was redeemed in its entirety at the beginning of February, 1926.

Splendid Dividend Record

The company has always followed a very liberal policy in treatment of its shareholders. Yet, withal, the record shows that an adequate degree of conservatism has been applied, inasmuch as its steady expansion of the last decade has been financed out of surplus earnings without recourse to the open market for accommodation. Cash dividends have been most liberal since 1918, with payments, including extras, ranging from $6 to as much as $21 a share, with a stock dividend of three shares of preferred "A" stock paid in 1922 on the old stock.

In 1926 stockholders received $13 a share in cash and a stock dividend of 900 per cent, the company increasing its authorized capital stock from 300,000 shares to the present 2,730,000 shares of no par value to provide for the melon. Payments on the present capitalization, including extras, totaled $5 in 1927 and $6 last year, with the rate of payments early this year having been established on a regular $6 basis. The current high yield on the stock, which is selling to show a return of approximately 11 per cent, would appear to indicate some doubt on the outlook for the maintenance of the present rate in view of changed conditions.

Profit and loss surplus at the end of the 1928 fiscal year was $38,137,180, as against the stated value of $13,887,000 fixed on the common stock for book purposes. In view of its strong surplus and cash position, the company could, of course, draw on such surplus to maintain the dividend if satisfied that present conditions will not be of long duration. But even if it was decided that conservatism warranted a lowering of the dividend to the $4 rate in effect previous to this year, and there has been no intimation of such intention thus far, the stock would still offer a yield of approximately 8 per cent around current levels.

Nash Motors

preparation for the

conse
their export
Yet so far as it is p to learn at the moment, the majority are planning to keep their rate of output considerably under the 1929 pace unless, of course, developments, now unforeseen, should warrant speeding up of production. From what can be gleaned so far as motor company provisions for steel are concerned, it is estimated that the 1930 production of automobiles will probably run between 4,000,000 and 4,500,000 units in the United States.

Curtailment from this year's high rate will, of course, be quite general, but perhaps will be far-reaching in the instance of companies which are most likely to feel to greatest extent the rerturn of the Ford enterprise to mass-production. Replacement demand so far as medium and higher-priced cars are concerned no doubt will reflect the shortening of buying power, but producers in those particular fields should be able at least to keep the proverbial wolf from the door.

Nash Output and Earnings

During the current fiscal year output of Nash plants ran substantially ahead of the corresponding period of the previous fiscal year for the first eight months, or until the end of July. In that interval the company shipments totaled 86,936 units, as compared with 69,621 units in the like eight months of the preceding year. In August, the last month of the third quarter, shipments dropped abruptly, totaling only 3,624 cars, contrasted with 22,525 cars in the same month of 1928. This curtailment reflected the complete cessation of operations at its plants in preparation for the bringing out of a new line of cars, which resulted in the addition of an eight-cylinder model.

"Cylinder"

Of course, the record of earnings over the last few years can shed little light on the trend for the ensuing period. Yet they reflect vividly the growth of this company's profit-making capacity and speak plainly of its financial strength. The following table shows net income for each year since 1923, together with the amount carried to surplus account annually in that period:

	Net Income	To Surplus
1923	$9,280,032	$6,434,162
1924	9,280,541	5,447,278
1925	16,256,216	10,836,907
1926	23,316,306	12,285,398
1927	22,670,745	9,020,745
1928	20,820,085	4,440,085

Net income for the first nine months of the current fiscal year, ended August 31 last, aggregated $13,810,857, equivalent to $5.06 a share on the capital stock, compared with $12,039,704, or $4, in the corresponding period of the previous fiscal year.

Strong in Cash Assets

The annual report for the current fiscal year is not likely to be available for some weeks yet, but the end of November, 1928, found the company in remarkably strong financial condition. Current assets at that time totaled $53,947,598, including more than $41,000,000 in actual cash and United States Government securities. This compared with total assets of $63,518,916, and with current liabilities of only $9,797,042, the latter made up principally of reserves for Federal and other taxes, totaling $6,866,876. Thus the beginning of the fiscal year 1929 found the company with a total of $44,150,556 in net working capital available for its needs, the figure having been increased

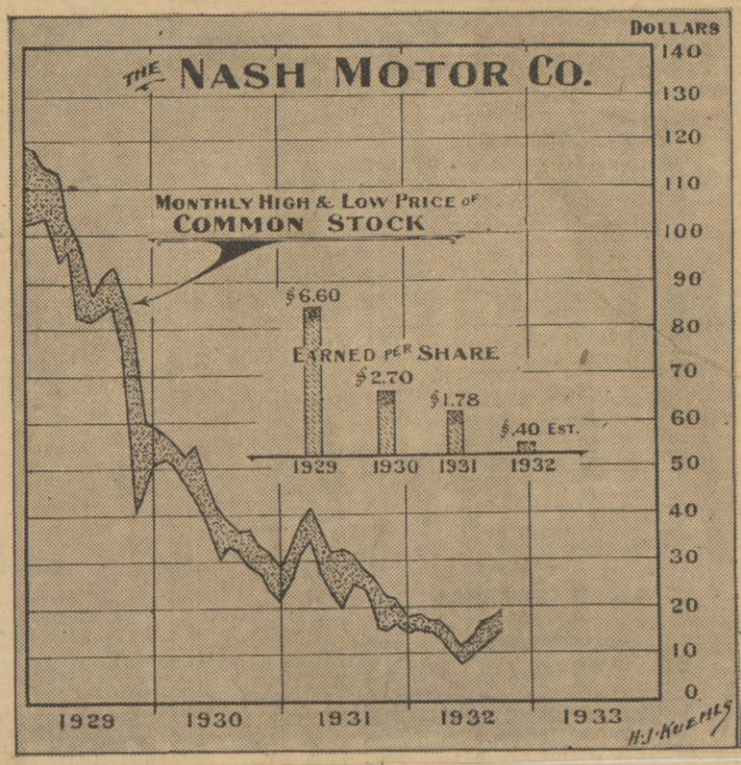
CLEVELAND PUBLIC ... LIBRARY
BUSINESS ... DEPT.
CORPORATION FILE

NASH MOTORS COMPANY REFLECTS VALUE OF CAPABLE MANAGEMENT

Three Plants Based on Production Rather Than Operating Capacities

EARNINGS RECORD WELL SUSTAINED

Nash Motors Co.
NY Post 9/17/32



The motor industry this year and particularly since the beginning of the summer has been experiencing the exact reverse of conditions which prevailed in 1928 and the first half of 1929. Plants were humming in those years and production setting an almost unbelievable pace. Since the onslaught of the business slump, however, the situation has reversed itself. Production reached its all-time record in 1929, when a total of 5,621,700 cars and trucks were manufactured. The following year witnessed a drop to 3,510,100 units, and last year output slipped to a level slightly below the 2,500,000 mark.

Indications are that final output this year will run about 1,100,000 cars under the 1931 total, or approximately around 1,400,000 units, probably the smallest for any year since 1918. The showing is likely to prove quite discouraging unless interpreted in the right light. The motor industry in the last few years was guilty like most other lines of a degree of overoptimism. But the current year has seen one industry after another definitely facing the facts and moving accordingly. At least it would seem assured that little in the way of excessive production, resulting in surplus stocks, will be encountered this year.

The trouble with the industry, presumably, was that it found itself very generally geared to the theory of mass production, and the task of slowing down and making necessary adjustments proved a difficult undertaking.

Nash an Exception

There usually are to be found exceptions to any rule, and that seems to be the case in the motor industry. The Nash Motors Company, while far from being among the largest in the industry, has nevertheless been one of the most ably managed. The layout of its plants was such that the company found it possible to curtail quite rapidly with a minimum of loss through overhead absorption. The company's plants are run on a product rather than operation basis, a condition which made it possible to cut costs on small volume of output by temporary suspension of operations at its Milwaukee facilities and transfer of operations to Kenosha.

Nash operates three large plants in all, the largest of which in point of capacity is that at Racine, Wis., capable of daily output of 400 cars. The Milwaukee plant, second largest, is capable of producing at the rate of 300 units daily, while the Kenosha factory can make cars at the rate of 250 a day. Moreover, all three of its plants are equipped to produce a very substantial proportion of the parts used in manufacturing the various models. Most of its body equipment is secured from the Seaman Body Corporation, in which it has a controlling interest of 50 per cent.

In addition to manufacturing facilities the company maintains a sizable distributor and dealer organization in the United States. By gearing production closely to distributor demand, however, the company has not only been able to avoid the error of overproduction but, quite as important, has found it unnecessary to maintain anything in the way of warehouse facilities.

Record of Earnings

From a standpoint of operating profits the company has been one of the most successful of automobile enterprises, though of late years earnings naturally have dwindled to small proportions. The record follows, showing total income and net income for the years from 1926, the year of peak profits, to the close of 1931, inclusive.

1926	$27,020,524	$23,346,306
1927	25,898,190	22,670,745
1928	23,604,832	20,820,085
1929	20,204,504	18,013,781
1930	8,574,665	7,601,164
1931	5,797,987	4,807,681

Nash is one of the new major units in the motor industry which have been able to weather the storm of poor business thus far without running into the red. For the first half of its current fiscal year, the six months ended with May 31 last, the company was successful in spite of general conditions in the industry and curtailment by its own plants in preparation for introduction of new models, to report a small net profit, $544,000, or the equivalent of 20 cents a share, compared with $2,360,000, or 86 cents a share, in the initial half of 1931.

Strong Financially

The company has long been noted for the strength of its financial position. Entirely free of funded or floating indebtedness, the retirement of its preferred stock early in 1926 left the outstanding 2,701,000 shares of no-par common stock as its only capital security. Current assets of $39,786,732 on November 30 last were equivalent to, roughly, fifteen times current liabilities of but $2,710,153, the latter comprised almost wholly of accounts payable and reserves for Federal taxes.

Current assets consisted almost wholly of cash or equivalent in the form of Government securities, cash amounting to $12,005,253, presumably since reduced a bit by the payment of dividends not fully earned, and Federal securities to $24,545,227. Inventories, carried at the lower of either cost or market, were negligible, representing an investment of only $1,347,-702.

Net income of $4,807,681 reported for the last fiscal year fell short by $4,747,319 of covering total dividend payments of $9,555,000, the latter including $101,500 paid on treasury stock and credited directly to surplus. The deficiency in earnings was made up by dipping into accumulated profits to the extent indicated about with the result that profit and loss surplus was reduced to $29,122,908 from $33,722,125 at the end of the 1930 fiscal year.

The ultra-conservative character of the company's accounting methods is apparent in various directions. Investment in property account, for example, is carried after depreciation reserves at net of $6,819,202, while good will and such intangibles are accorded the nominal valuation of $1 for book purposes.

Nash has long been recognized as among corporations liberal in treatment of its stockholders so far as dividend disbursements are concerned. Yet its policy has been such that it has not entailed any sacrifice of financial strength, payments to shareholders being gauged in accordance with the dictates of earnings from time to time. Since the disbursement of the 900 per cent stock dividend in 1926 the stock has received substantial extras in addition to regular payments. Last year $3.50 a share was paid in all, the rate being reduced from a $4 to a $2 basis in November. The latter rate was maintained until the July meeting this year, when a $1 basis was substituted in order to more adequately preserve cash position. With some $12 a share in cash, or equivalent, the company could readily maintain the current rate for some time, but chances are that future payments will depend more on the course of actual earnings.

OBSERVE BIRTHDAY OF MOTOR MAKER

People of Kenosha Unite to Celebrate Anniversary of Nash Co.

CPA 7-19-36

KENOSHA, Wis., July 18.—The Nash Motors Co. will be twenty years old on July 29.

Public observation of the anniversary has been planned by Kenosha business and civic organizations and the committee in charge has announced that a number of men prominent in the industry and distinguished in its history have been invited to attend ceremonies to commemorate the occasion.

Importance of the event, in the view of Kenosha, lies to a certain extent in the fact that the Nash organization has been built into one of the most vigorous and permament industrial establishments in Wisconsin.

The theme of permanency in success is regarded in a large measure as being personified by Charles W. Nash, founder, and chairman of the board, a leading figure among the independents of the automobile industry and long recognized as a forward and aggressive spirit in the development of motor cars.

While the dominating figure in the Nash organization has been Nash himself, it is widely recognized as a fact that he has succeeded in transmitting his spirit and ideas to a well rounded, compact group of executives which has been carrying on for several years.

The men who direct operations are largely those who joined with Nash when he established the company in 1916. Some had been associated with him prior to that time. Others came to him as seasoned experts from other organizations.

Earned Reputation.

Nash was a leading figure in the automobile industry prior to becoming an independent manufacturer. He resigned the presidency of General Motors to take this momentous step. Before that he had won honors as president of Buick. Even earlier he had made an outstanding success in charge of production for America's leading horse-drawn-vehicle manufacturer, the Durant-Dort Carriage Co. at Flint, Mich.

It was while in charge of carriage production that he adapted the straight-line conveyor system of assembly and opened the way for mass production of more complex vehicles which, in turn, made possible the widespread ownership and use of the automobile.

The Nash Company began operations in the Kenosha plant which it acquired from the Thomas B. Jeffery Company, which had been a leader in motor car manufacturing up to the time of the death of its founder. It had built as many as 8,000 cars a year, but in 1916 was on a schedule of 5,000 or less. Within ten years the Nash company was turning out more than 8,000 cars (the Jeffery annual capacity) each month. Advanced technology developed by the Nash organization was solving production problems.

Since beginning operations the Nash company has built and sold over 1,100,000 automobiles and its aggregate sales have amounted to more than $1,067,000,000.

During the expansion period from 1919 to 1930 the production facilities were enlarged and increased. The first expansion step was the purchase of a half interest in the Seaman Body Corporation at Milwaukee.

A new plant was immediately built, then doubled in capacity and later added to, as demand for enclosed bodies grew. A new plant was built at Milwaukee to produce 4-cylinder models at a time when this type of motor was in wide demand. Later the plant property of the Mitchell Motor Company at Racine, which had long been idle, was acquired to obtain greater capacity. Extensive additions also were made at the Kenosha plant.

CLEVELAND PUBLIC LIBRARY
BUSINESS INFORMATION BUREAU
CORPORATION FILE

CLEVELAND PUBLIC LIBRARY
BUSINESS INFORMATION BUREAU
CORPORATION FILE

Vote on Merger Set By Nash-Kelvinator

Stockholders Will Meet Dec. 23—Companies' Heads Expect Plan Will Be Approved

11-18-36

From THE WALL STREET JOURNAL *Chicago Bureau*

CHICAGO—Meetings of the stockholders of Nash Motors Co. and of Kelvinator Corp. to vote on merger were formally called for December 23 at meetings of directors of the two companies held simultaneously here and in Detroit. Stockholders of record November 27 will be entitled to vote at the meeting.

In order to be effective the merger must be approved by the holders of not less than two-thirds of the stock of each company.

In a joint statement from C. W. Nash, chairman of Nash Motors, and George W. Mason, president of Kelvinator, it was declared that "from expressions already received from representative shareholders of both companies we are confident that the action of the boards of directors in unanimously approving the merger will receive the required endorsement."

Letters to stockholders outlining the details of the merger were mailed Tuesday.

Kelvinator Corp. sold approximately 317,000 refrigerating units in the fiscal year ended September 30, compared with approximately 240,000 in the preceding year. It has approximately 10,300 retail outlets.

As of July 31, 1936 the company held $2,500,000 or more in cash.

For the 10 months ended July 31, 1936, Kelvinator Corp. had net profit available for dividends of $1,478,084, the letter says.

On July 31, 1936, Nash Motors held cash or United States government bonds amounting to more than $25,000,000.

The Byproduct

Nash and Kelvinator. The Merger Prospects. Ford Studies Rubber.

C90 10-26-36

BY DALE COX.

Now and then some important business story breaks through the avalanche of political news and makes its way into the papers. The automotive and electric refrigerator industries pricked up their ears the other day at the report of a likely merger of the Nash Motors Co. and the Kelvinator Corp. Each industry wondered just what the merger would do. It is known that officials of both corporations have been holding secret meetings, working on a tentative basis for a merger.

Recent years have shown the feasibility of uniting automobile and electric refrigerator manufacture under a common management. A merger of Nash and Kelvinator would make the third such manufacturing hookup in the country and would bring about a $50,000,000 corporation. Not only would it unite the manufacture of automobiles and electric refrigerators, but the merged concerns would also have an air-conditioning division.

General Motors Corp., with the perfection of its Frigidaire "iceless" refrigerator about a decade ago, first showed the logic of combining the manufacture of autos and electric refrigerators. Frigidaire is now one of the large and important divisions of General Motors, with its big plant at Dayton, O. In recent years Frigidaire has gone a long way into the air-conditioning field through its knowledge of refrigeration by the use of compressors.

Chrysler, another of the "big three" of motordom, has entered the air-ditioning field, with Walter Chrysler's son specializing in that division of the parent company. Chrysler has not gone into the electric refrigeration field as yet. To date Ford has shown no inclination to make either electric refrigerators or air-conditioning equipment.

Nash-Kelvinator Merger.

Nash is one of the oldest and largest of the independent automobile manufacturers. Its strong financial position would be a powerful aid to any proposed merger. It was able to maintain a profit position through the worst of the depression years, partly because of the company's complete control over production volume.

Kelvinator, likewise, is one of the oldest and largest of the electric refrigerator manufacturers. With large plants at Detroit, it has been able to withstand successfully the competition of more powerful concerns making refrigerators as adjuncts of automobiles, electrical equipment and radios. Kelvinator moved into the manufacture of electric refrigerators from the manufacture of ice boxes, one of the few makers that followed that natural line of evolution.

Within the last year Kelvinator has made long strides in air conditioning, and is now reported to be ready to market a complete small, family-sized air conditioning system for medium-sized homes. A union now with Nash would put Kelvinator in a stronger position for nation-wide marketing of this new product. Possibly it might be sold by Nash automobile dealers around the country, while Kelvinator dealers might become agents in some degree for Nash and Lafayette cars.

There might be some advantage for the proposed merger in Kelvinator's Detroit plants, inasmuch as Nash has no plants in the Detroit area. But Nash is so well supllied with plants at Kenosha and Racine, Wis., that it probably needs no new automobile plant capacity.

There would probably be some advantage also in such a merger to be gained from the joint purchase of materials and supplies. Many foundries, automobile parts companies, electric companies and others make parts for both the automobile and electric refrigerator industries. A merged Nash-Kelvinator company could buy materials for both of its products, oftentimes from the same manufacturer, at probable savings.

The Ford Rubber Rumor.

While there is talk of this new merger of automobiles and electric refrigerators, the other big rumor in Detroit is that the Ford Motor Co. is still giving serious study to the idea of manufacturing its own rubber tires. This was first reported last summer, about the time that the "sitdown" strikes were most common and annoying in Akron. There had not been much talk of it since until last week, when a new flood of reports came along.

Ford has toyed with the idea of making his own rubber tires for years, but as long as Firestone, Goodyear and Goodrich could supply him with tires at a price that permitted the famed Ford policy of a better car at a cheaper price to be maintained, he gave little serious thought to a rubber tire plant of his own. But Ford is now said to feel that the combination of factors making for higher production costs in the rubber industry, especially at Akron, threatens to disrupt his policy of low prices.

Whenever Ford gets that idea about one of the great industries furnishing him materials, he usually arranges to make his own requirements. Witness the construction of his own steel mill when he thought steel prices were likely to go higher than he liked.

It probably would take around $10,000,000 to build a rubber tire plant large enough to turn out the Ford rubber requirements. And while he was at it he probably would buy the machinery to make the other rubber parts of his automobile. More and more rubber is coming to be used in automobiles, and Ford's construction of his own plant would undoubtedly give him a control over an important subsidiary material.

The WPA Demonstrations.

It had been reported that the radical organizations seeking to agitate among WPA workers would stage various demonstrations in the final week before election as an embarrassment to President Roosevelt and the New Deal. The Workers' Alliance is arranging the demonstrations, said to include "sitdown" strikes of WPA workers on various projects around the country. Some have already been staged, and a group of leaders of the movement succeeded in getting themselves arrested near the White House.

The New Deal has counted on the WPA as a powerful political asset. It might, in the final week of the campaign, find it could be less of an asset than anticipated.